



Senate

General Assembly

January Session, 2015

File No. 8

Senate Bill No. 5

Senate, February 20, 2015

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING HEALTH INSURANCE COVERAGE FOR TELEMEDICINE SERVICES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2016*) (a) As used in this
2 section, "telemedicine" means the use of interactive audio, interactive
3 video or interactive data communication in the delivery of medical
4 advice, diagnosis, care or treatment, and includes the types of services
5 described in subsection (d) of section 20-9 of the general statutes.
6 "Telemedicine" does not include the use of facsimile or audio-only
7 telephone.

8 (b) Each individual health insurance policy providing coverage of
9 the type specified in subdivisions (1), (2), (4), (11) and (12) of section
10 38a-469 of the general statutes delivered, issued for delivery, renewed,
11 amended or continued in this state shall provide coverage for medical
12 advice, diagnosis, care or treatment provided through telemedicine, to
13 the extent coverage is provided for such advice, diagnosis, care or
14 treatment when provided through in-person consultation between the

15 insured and a health care provider and provided the use of
16 telemedicine shall be limited to situations where there is a lack of
17 healthcare providers within reasonable travel time and distance of the
18 insured or the insured is unable to travel to a healthcare provider's
19 office without undue burden. Such coverage shall be subject to the
20 same terms and conditions applicable to all other benefits under such
21 policy. No such policy shall require the use of telemedicine in lieu of
22 in-person consultation.

23 (c) No health care provider shall provide medical advice, diagnosis,
24 care or treatment to an insured or a patient through telemedicine
25 without the prior consent of such insured or patient.

26 Sec. 2. (NEW) (*Effective January 1, 2016*) (a) As used in this section,
27 "telemedicine" means the use of interactive audio, interactive video or
28 interactive data communication in the delivery of medical advice,
29 diagnosis, care or treatment, and includes the types of services
30 described in subsection (d) of section 20-9 of the general statutes.
31 "Telemedicine" does not include the use of facsimile or audio-only
32 telephone.

33 (b) Each group health insurance policy providing coverage of the
34 type specified in subdivisions (1), (2), (4), (11) and (12) of section 38a-
35 469 of the general statutes delivered, issued for delivery, renewed,
36 amended or continued in this state shall provide coverage for medical
37 advice, diagnosis, care or treatment provided through telemedicine to
38 the extent coverage is provided for such advice, diagnosis, care or
39 treatment when provided through in-person consultation between the
40 insured and a health care provider and provided the use of
41 telemedicine shall be limited to situations where there is a lack of
42 healthcare providers within reasonable travel time and distance of the
43 insured or the insured is unable to travel to a healthcare provider's
44 office without undue burden. Such coverage shall be subject to the
45 same terms and conditions applicable to all other benefits under such
46 policy. No such policy shall require the use of telemedicine in lieu of
47 in-person consultation.

48 (c) No health care provider shall provide medical advice, diagnosis,
49 care or treatment to an insured or a patient through telemedicine
50 without the prior consent of such insured or patient.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2016</i>	New section
Sec. 2	<i>January 1, 2016</i>	New section

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 16 \$	FY 17 \$
State Comptroller - Fringe Benefits (State Employees and Retiree Health Accounts)	GF, TF - Uncertain	See Below	See Below

GF & TF = General Fund and Special Transportation Fund

Municipal Impact:

Municipalities	Effect	FY 16 \$	FY 17 \$
Various Municipalities	Uncertain	See Below	See Below

Explanation

There may be a fiscal impact to the state from requiring the state employee and retiree health plan to provide coverage for telemedicine to the same extent as in-person services in situations where there is (1) a lack of healthcare providers within a reasonable time or distance from the insured or (2) travel to the provider's office would cause an undue burden to the insured, which is uncertain. The state plan does not currently provide telemedicine services or have a telemedicine reimbursement policy.¹ The impact will depend on (1) the extent to which employees and retirees utilize telemedicine services and the cost differential between telemedicine and in-person services, (2) the impact of telemedicine on total overall utilization of services covered by the plan, and (3) patient outcomes.² The bill prohibits a policy from

¹ The state employee and retiree health plan is currently self-insured and therefore exempt from state health mandates. However, the state health plan has traditionally adopted all state health mandates. Total number of covered lives as of January 2015 was 208,745.

² The State Innovation Model (SIM), which includes the state employee and retiree health plan, is reviewing telemedicine.

requiring the use of telemedicine in-lieu of in-person consultations and requires the prior consent of the insured.

As of February 2015, there were 28,619 members in the state's Health Enhancement Program (HEP) identified as having one of the five chronic disease state's named specifically for the program.^{3,4} Various case studies have suggested net health care savings from telemonitoring, primarily resulting from reduced hospital readmission, particularly for individuals with chronic diseases. It is important to note, it is uncertain from the following case studies what the upfront technology and personnel costs were and the time lag before a return on investment was realized through a reduction in overall health care costs.

Case 1: The Partners HealthCare program out of the Center for Connected Health did a study on their telehealth/telemonitoring program for individuals with cardiac disease and reported net savings over a seven year period of approximately \$10 million for 1,265 patients (net savings per patient of \$8,155).⁵ The Partners' program savings may not be representative of potential savings for commercial plans as the program included participants predominately enrolled in public programs (e.g. Medicare, Medicaid and the state's safety net program) who may have disproportionately lower health outcomes.

Case 2: The Veterans Health Administration (VHA) started its telehealth program as a multisite pilot program and as of 2010 had over 300,000 lives in its Care Coordination/Home Telehealth Program.⁶ The VHA reported cumulative net benefits of \$3 billion

³ Source: Office of the State Comptroller, February, 2015.

⁴ The Revised SEBAC 2011 Agreement listed the following chronic disease state's for the HEP program: Diabetes (Type I and II), Asthma and COPD, Heart Failure/Disease, Hyperlipidemia, and Hypertension.

⁵Source: Broderick, A., (2013). *Partners HealthCare: Connecting Heart Failure Patients to Providers Through Remote Monitoring*. Case Studies in Telehealth and Adoption; The Commonwealth Fund.

⁶ Source: Broderick, A., (2013). *The Veterans Health Administration: Taking Home Telehealth to Scale Nationally*. Case Studies in Telehealth and Adoption; The Commonwealth Fund.

since the program's inception in 1990. Savings are attributable to a reduction in redundant services and improved quality and health outcomes. The VHA program provides biometric information to remote monitoring care coordinators for individuals with various conditions, including heart failure, diabetes and Post Traumatic Stress Disorder (PTSD). The VHA reports annual costs per patient of \$1,600.

The bill's telemedicine coverage requirements may result in a fiscal impact to certain fully insured municipalities who do not currently provide the coverage specified in the bill. The coverage requirements may impact premium costs for the municipality when they enter into new health insurance contracts after January 1, 2016. Due to federal law, municipalities with self-insured plans are exempt from state health insurance mandates.

Lastly, many municipal plans may be recognized as "grandfathered"⁷ plans under the federal Affordable Care Act (ACA). It is uncertain what the effect of this mandate will have on the grandfathered status of those municipal plans.

For the purposes of the ACA the coverage provision included in the bill is not considered an additional mandate and therefore will not result in an additional state cost related to reimbursement for the mandate for those covered through the exchange plans.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

⁷ Grandfathered plans include most group health insurance plans and some individual plans created or purchased on or before March 23, 2010.

OLR Bill Analysis**SB 5*****AN ACT CONCERNING HEALTH INSURANCE COVERAGE FOR
TELEMEDICINE SERVICES.*****SUMMARY:**

This bill requires certain individual and group health insurance policies to cover medical services provided through telemedicine to the same extent they cover services through in-person visits between an insured and a health care provider. It limits telemedicine coverage to situations where (1) the insured gives prior consent and (2) there is a lack of healthcare providers within a reasonable travel time and distance to the insured or the insured is unable to travel to the provider without undue burden. The bill does not specify a minimum number of providers that would be adequate or define a reasonable travel time.

The bill (1) subjects telemedicine coverage to the same terms and conditions as other benefits under the policy and (2) prohibits insurance policies from requiring that services be delivered by telemedicine instead of in-person consultations.

EFFECTIVE DATE: January 1, 2016

COVERAGE FOR TELEMEDICINE SERVICES***Definition***

The bill defines “telemedicine” as the use of interactive audio, video, or data communication to deliver medical advice, diagnosis, care, or treatment. This includes primary diagnoses of pathology specimens, slides, or images provided electronically to an insured located in Connecticut, regardless of where the provider is located. It is unclear whether the insured must receive services, reside, or otherwise be located in Connecticut. Telemedicine does not include fax or audio-

only telephone calls. The difference between interactive audio and audio-only telephone calls is unclear.

Applicable Health Plans

The bill applies to individual and group health insurance policies delivered, issued, renewed, amended, or continued in Connecticut that cover (1) basic hospital expenses, (2) basic medical-surgical expenses, (3) major medical expenses, (4) hospital or medical service plan contracts, and (5) hospital and medical coverage provided to subscribers of a health care center.

Due to the federal Employee Retirement Income Security Act (ERISA), this bill would not apply to self-insured benefit plans.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 14 Nay 4 (02/10/2015)